Canadian Northern Economic Development Agency

2010-11

Departmental Performance Report

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Minister of Health and Minister of the
Canadian Northern Economic Development Agency

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Minister's Message

As Minister of the Canadian Northern Economic Development Agency (CanNor), I am pleased to present to Parliament and to Canadians the 2010-2011 Departmental Performance Report (DPR). This is CanNor's first DPR since the Agency was created in 2009.

CanNor is an important element of Canada's Northern Strategy. The work that the Agency is doing is helping to further develop a strong and diversified Northern economy which benefits those who live, work and support their families in the territories. Economic prosperity in the North provides a foundation for the well being of Northerners, while benefiting all Canadians.

Fiscal year 2010-2011 was the Agency's first full year of operation. It was a year of establishing operational foundations, delivering on key commitments, and setting the stage for the Agency's future efforts. Regional offices were up and running in all three territorial capitals and the Agency's headquarters office was established in Iqaluit. In May, the Northern Projects Management Office (NPMO) opened its doors for business, with its main office situated in Yellowknife and regional representation in all three territories.

CanNor successfully delivered its core programs which include the Strategic Investments in Northern Economic Development program, as well as Aboriginal business and economic development programs. In addition, under Canada's Economic Action Plan, CanNor effectively delivered the Community Adjustment Fund and the Recreational Infrastructure Canada program in the three territories. At the same time the NPMO has begun efforts to serve as a "one-stop shop" for major Northern projects, working to facilitate timely regulatory approvals and an understanding of how to do business in the North.

CanNor will build on the momentum of its first full year of operation by continuing to work with other federal departments, territorial governments, First Nations, Métis, Inuit and all northern stakeholders to leverage investments in the North. CanNor, along with its partners, is committed to the common objective of advancing sustained economic development and success in Canada's vast northern territories.

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Section I: Organizational Overview

Raison d'être

The Canadian Northern Economic Development Agency (CanNor) works to help develop a diversified, sustainable and dynamic economy across Canada's three territories, while contributing to the Canada's prosperity. CanNor fosters growth and development in the North by delivering economic development programs and by collaborating with and aligning the efforts of partners in northern and southern Canada to respond to economic challenges and opportunities in the North. The Agency also coordinates the activities of other federal departments to maximize their collective impact — particularly federal regulators in relation to major project development — in the North, bringing insight, knowledge and partnerships together.

Responsibilities

The 2008 Speech from the Throne committed to establishing Canada's first stand-alone agency dedicated to northern economic development. In January 2009, CanNor was announced in the federal budget. The Agency was formally created eight months later in August 2009 when Prime Minister Stephen Harper announced the creation of CanNor and the establishment of its headquarters in Iqaluit. CanNor has since established offices in all northern capitals and a liaison office in Ottawa.

In May of 2010, CanNor marked an important milestone with the opening of the Northern Projects Management Office (NPMO). The NPMO program, which is aligned with the Government's Action Plan on Regulatory Reform, supports economic development in the North by coordinating federal regulators and working to ensure the timeliness, transparency and predictability of federal regulatory processes on major northern projects. Further, the NPMO has an important role in helping federal departments and project proponents undertake Aboriginal consultation in the territories.

The Agency's suite of programs includes the Strategic Investments in Northern Economic Development (SINED) program, Aboriginal economic development programs in collaboration with Aboriginal Affairs and Northern Development Canada (AANDC), infrastructure programming on behalf of Infrastructure Canada, and an economic development initiative for official language minority communities on behalf of Industry Canada. CanNor also works closely with Human Resources and Skills Development Canada (HRSDC) on interventions targeting workplace skills needed for the growing northern economy. CanNor is also the host department for the Northern Regional Federal Councils in the territories.

CanNor has a unique perspective on the North through its many partnerships and networks of contacts, its established presence in each territory, and broad perspective on the economic challenges and opportunities across the North. CanNor's ability to bring together diverse interests to help set the course for northern economic development is rooted in its work with federal departments and agencies, territorial governments, community organizations, industry associations, Aboriginal groups and governments, and

businesses operating in the North. It is through these relationships that the Agency delivers its programs. These relationships and networks also position the Agency to convene diverse interests on issues in the northern economy and promote collective action in response to economic opportunities and challenges in the North.

Strategic Outcome(s) and Program Activity Architecture (PAA)

Strategic Outcome: Developed and diversified territorial economies that support prosperity for all Northerners.

The Program Activity Architecture (PAA) provided below is designed to support the achievement of this outcome. It was developed as part of CanNor's work to complete the Agency's first Management, Resources and Results Structure. The PAA reflects the current programs and activities of CanNor, but may change over time to accommodate evolution in the Agency's roles, responsibilities, programs and activities.

Program Activity Architecture

Government of Canada Outcome: Strong Economic Growth		
	Program Activities	**Program Sub-activities**
CanNor Strategic Outcome *Developed and diversified territorial economies that support prosperity for all Northerners*	1.1 Business Development	1.1.1 Innovation and Knowledge
		1.1.2 Entrepreneurship
		1.1.3 Sectoral Development
	1.2 Community Development	1.2.1 Aboriginal Economic Development
		1.2.2 Community Adjustment
		1.2.3 Capacity and Skills Development
		1.2.4 Infrastructure
	1.3 Policy, Advocacy and Co-ordination	1.3.1 Policy
		1.3.2 Advocacy
		1.3.3 Co-ordination
	1.4 Internal Services	1.4.1 Governance and Management Support
		1.4.2 Resource Management Services
		1.4.3 Asset Management Services

Organizational Priorities

Performance/Priority Status Legend

Exceeded: More than 100 per cent of the expected level of performance (as evidenced by the indicator and target or planned activities and outputs) for the expected result or priority identified in the corresponding Report on Plans and Priorities (RPP) was achieved during the fiscal year.

Met all: 100 per cent of the expected level of performance (as evidenced by the indicator and target or planned activities and expected outputs) for the expected result or priority identified in the corresponding RPP was achieved during the fiscal year.

Mostly met: 80 to 99 per cent of the expected level of performance (as evidenced by the indicator and target or planned activities and expected outputs) for the expected result or priority identified in the corresponding RPP was achieved during the fiscal year.

Somewhat met: 60 to 79 per cent of the expected level of performance (as evidenced by the indicator and target or planned activities and outputs) for the expected result or priority identified in the corresponding RPP was achieved during the fiscal year.

Not met: Less than 60 per cent of the expected level of performance (as evidenced by the indicator and target or planned activities and outputs) for the expected result or priority identified in the corresponding RPP was achieved during the fiscal year.

Not Yet Assessed: Unable to assess performance status because baseline targets have not yet been established.

CanNor's one strategic outcome is: *Developed and diversified territorial economies that support prosperity for all Northerners.* The program activities identified against the operational and management priorities in the following tables fall under this strategic outcome.

Priority	Type	Program Activities
Excellence in Program Delivery	New[1]	Business Development and Community Development
Status: Somewhat Met		

- Funding under SINED doubled in 2010–2011 from 2009–2010 levels of $8,157,000, with an extra $10 million for each of the remaining years of the program. In the reporting year, 89% of SINED funds were spent.
- During 2010-2011, while CanNor provided funding for business development opportunities for women and for small businesses, as well as for youth entrepreneurship, the Agency has not yet fully explored these areas in terms of economic development opportunities.
- CanNor worked closely with Aboriginal governments and organizations to understand and respond to the economic development needs of these groups in accordance with the new Federal Framework for Aboriginal Economic Development.
- The Agency collaborated with AANDC to conduct formal engagement sessions, with regard to the renewal of Aboriginal economic development programming, in each territory. CanNor also employs a business model, whereby officials in regional offices maintain a close working relationship with Aboriginal communities and other northern stakeholders.

Priority	Type	Program Activity
Building a strong agency	New	Policy, Advocacy and Co-ordination
Status: Somewhat Met		

- The Agency worked on developing its strategic policy function, which includes:
  - some policy research and analysis in support of policy advice and new initiatives;
  - a draft strategic policy framework;
  - conducting economic research and analysis and monitoring economic issues on an ongoing basis; and
  - developing the capacity to facilitate and enable the alignment of key federal government economic development activities in the North, with an eye to broader partnerships to maximize the impact of collective efforts.

[1] "Type" is categorized as follows: Previously committed to—committed to in the first or second fiscal year before the subject year of the report; Ongoing—committed to at least three fiscal years before the subject year of the report; and New—newly committed to in the reporting year of the Departmental Performance Report.

Priority	Type	Program Activity
Building Relationships	New	Policy, Advocacy and Co-ordination
Status: Somewhat Met		

- CanNor implemented a short-term outreach strategy when the Agency was first established, and outreach continued during 2010-2011 through participation at industry tradeshows and conferences related to Northern economic development. Work on an engagement strategy designed to build the Agency's network of contacts and ensure ongoing stakeholder engagement was undertaken in 2010-2011 and will be finalized in 2011-2012.
- The Agency created an annual forum to bring together the senior leadership of the three Regional Federal Councils in the territories to discuss strategic issues and priorities common to the three territories and to foster collaborative working relationships.
- The Northern Projects Management Office (NPMO), with its main office in Yellowknife, has been established as a core program within CanNor.
- CanNor worked with various partners and stakeholders. For example, CanNor worked with the Department of National Defence to assist them in planning their procurement and construction activities in Nunavut, in order to ensure alignment to the economic provisions of the Nunavut Land Claims Agreement.

Priority	Type	Program Activity
Establish the Northern Projects Management Office	New	Policy, Advocacy and Coordination
Status: Mostly Met		

- The NPMO took on a policy and coordination role by bringing a voice to northern major resource and infrastructure development projects to the Major Projects Deputy Ministers' Committee, and together with federal partners and Natural Resources Canada's Major Projects Management Office, is identifying short and long-term actions to improve the effectiveness of the regulatory system and building a coordinated approach to Aboriginal Crown consultations while holding the Crown record of consultations for projects it manages.
- In its coordination sub-activities, the NPMO has engaged industry, regulators and the northern boards, and began to track the progress of northern projects.
- It is anticipated that agreements for projects in Yukon, the Northwest Territories and Nunavut will be signed in 2011-2012.

Priority	Type	Program Activity
Excellent Internal Management	New	Internal Services
Status: Mostly Met		

- CanNor worked to develop and implement an effective corporate services model.
- Memoranda of Understanding were put in place in an effort to optimize efficiencies and savings for shared services.
- The Agency engaged the Office of the Comptroller General to ensure proper controls and financial stability.
- Significant efforts were made to stabilize the organization's internal services.

Priority	Type	Program Activity
Excellent Human Resources Management	New	Internal Services
Status: Somewhat Met		

- The Agency focused on building strong employee capacity and continuity and explored creative recruitment strategies. A long-term recruitment strategy that maximizes recruitment in and from the North is required.

Priority	Type	Program Activity
Performance Measurement	New	Internal Services
Status: Met All		

- CanNor developed a Performance Measurement Framework which identifies expected results, performance indicators and an approach for the development of targets.
- Efforts are moving to data gathering to support ongoing assessment of the full range of the Agency's activities.

Risk Analysis

In 2010–2011, CanNor developed a comprehensive corporate risk profile as part of its risk management system to strengthen decision making within the Agency and inform the focus of control mechanisms, such as the internal audit and program evaluation functions.

Establishing the Agency, while simultaneously implementing its mandate and effectively delivering on programs in place, has proven to be very challenging and involved some risks.

First, setting up the headquarters office in Iqaluit presented risks and challenges. Because there was not enough office space to accommodate the organization, headquarters staff has been working out of a temporary space while a new office building

is constructed. Construction in the North, and in Nunavut in particular, is affected by the availability of materials, shipping and delivery of goods, and the climatic conditions. Supplies purchased in southern Canada are shipped to Iqaluit by the sea lift which operates from July to October. The costs associated with shipping are substantial; the construction season is short; and there is a shortage of skilled labour. It is not unusual for construction to be delayed until supplies can arrive by sea lift and skilled labour is freed up from other projects in the territory. While the Agency was not able to move into a new office space by the end of 2010-2011 as was targeted, it is anticipated that staff will be in the new building in 2011-2012. Housing continues to be a challenge and CanNor officials are working closely with Public Works and Government Services Canada to address the housing accommodation issues. CanNor has been mitigating this risk by only transferring functions to Iqaluit only when staff and accommodations are available.

A second challenge encountered as the Agency was being established was to ensure that program funding was spent effectively to create the greatest benefits for the people, communities and businesses in the North. To address this risk and its scope, the Agency gathered information on program performance from a northern lens. In 2011-2012 the Agency will build on this work to undertake a fuller examination of program terms and conditions to assess their impact and effectiveness from the perspective of CanNor's northern economic development mandate.

A third challenge has been CanNor's ability to attract and retain qualified staff. The Agency was created to advance economic development in the North and deliver economic programs and services in the three territories. Given that the mandate is completely focused on the North, it is essential to fill as many positions as possible with Northerners and comply with employment requirements included in land claims agreements. As the majority of positions are to be in the territorial capitals, it has been challenging to attract and retain qualified staff for two reasons. First, one of the biggest challenges facing current employers in the North is recruitment. Territorial governments and other federal departments are all competing for the same limited qualified labour force. The second reason is that it has proven difficult to attract people from other regions of the country to relocate to the territories when positions cannot be filled locally. To respond to these challenges, CanNor has developed innovative human resources strategies:

- work will continue to focus on skills development and training programs;
- a learning policy is being developed which will enable the CanNor to stimulate, guide and promote individual learning relevant to the Agency's operational requirements and to Public Service career aspirations of employees;
- efforts have been made to maximize flexibility in order to foster a climate of mobility within the organization;
- the Agency ensured that positions were classified in a manner that promoted maximum accessibility and flexibility and employment opportunities for targeted groups by exercising flexibility on qualification standards, and by instituting a significant outreach effort to Aboriginal and Northern communities; and

- CanNor champions a working group, in accordance with Article 23 of the Nunavut Land Claims Agreement, to increase the application, hiring, and retention rate of Inuit employees.

A fourth risk identified for the reporting period was meeting stakeholder expectations. Although existing programs were delivered effectively and in a timely manner, the Agency's ability to modify and enhance those programs, to develop new program proposals and to potentially take on additional responsibilities, was limited by the need to build internal capacity and the availability of human and financial resources.

For example, expectations were high that the new Northern Projects Management Office (NPMO) would be able to improve the effectiveness of regulatory processes in the North immediately on its establishment. The NPMO has benefited from, and will continue to benefit from, the experience of and lessons learned from Natural Resources Canada's Major Projects Management Office and the Canadian Environmental Assessment Agency, that provide similar functions for major natural resources projects in the provinces. As well, the NPMO has been building on, and will continue to build on, the advice arising from ongoing regulatory improvement initiatives. In this context, CanNor has been managing expectations by: 1) ensuring ongoing open dialogue with industry, 2) maintaining strong collaboration between federal departments, agencies, territorial governments and the northern boards, and 3) providing clarification and articulating the differentiation of CanNor's role from the role of Aboriginal Affairs and Northern Development Canada (AANDC).

While the above noted risks have posed some challenges, the Agency has been successfully operating in the North while maintaining a presence in Ottawa to promote northern economic issues within the federal family.

Summary of Performance

Restated 2010–11 Financial Resources ($ millions)

Planned Spending	Total Authorities	Actual Spending
61.2	69.2	64.3

Restated 2010–11 Human Resources (FTEs)

Planned	Actual	Difference
105	75	30

Strategic Outcome: Developed and diversified territorial economies that support prosperity for all Northerners

Performance Indicators	Targets	2010–11 Performance
The Performance Measurement Framework, including performance indicators, was under development during 2010-2011.	To be based on 2011-2012 baseline	CanNor developed a Performance Measurement Framework which identifies expected results, performance indicators and an approach for the development of targets.

Program Activity	2009–10 Actual Spending ($ millions)	2010–11[2] ($ millions)				Alignment to Government of Canada Outcome
		Main Estimates	Planned Spending	Total Authorities	Actual Spending	
Business Development	1.3	6.2	6.2	6.2	1.6	Strong Economic Growth
Community Development	33.1	47.8	47.5	55.1	46.5	Strong Economic Growth
Policy, Advocacy and Coordination	2.4	5.5	5.5	5.6	3.8	Strong Economic Growth
Total	36.8	59.5	59.2	66.9	51.9	

Program Activity	2009–10 Actual Spending ($ millions)	2010–11 ($ millions)				Alignment to Government of Canada Outcome
		Main Estimates	Planned Spending	Total Authorities	Actual Spending	
Internal Services	2.8	1.8	1.8	2.3	12.4	N/A

The variances between Planned Spending and Actual Spending in the above Table and in the Tables in Section II are due to the fact that the initial distribution of operating funds across program activities did not accurately reflect the Agency's actual expenditure plan.

[2] Commencing in the 2009–10 Estimates cycle, the resources for Program Activity: Internal Service is displayed separately from other program activities; they are no longer distributed among the remaining program activities, as was the case in previous Main Estimates. This has affected the comparability of spending and FTE information by Program Activity between fiscal years.

Expenditure Profile

Canada's Economic Action Plan (CEAP)

As part of its overall expenditure profile, CanNor was responsible for the delivery of three federal funding initiatives in the territories under Canada's Economic Action Plan:

- Strategic Investments in Northern Economic Development;
- Recreational Infrastructure Canada; and
- Community Adjustment Fund.

Strategic Investments in Northern Economic Development

Strategic Investments in Northern Economic Development (SINED), which was renewed for five years as part of Canada's Economic Action Plan, is a suite of contribution programs for projects across the North. Investment decisions are guided by five-year territorial investment plans, which were developed through engagement with northern stakeholders and territorial governments and were approved by the Minister of Aboriginal Affairs and Northern Development Canada (AANDC).[3] The suite of programs was renewed at $90 million over five years, split equally among the three territories, from 2009–2010 to 2013–2014.

To ensure ongoing program effectiveness and value for money, an evaluation focusing on progress to date in achieving concrete impacts under SINED will be undertaken, along with an assessment of the program's future requirements. The evaluation will include an assessment of experience of other countries with territories bordering on the North in addressing the economic developmental challenges. The evaluation of the SINED program is planned for 2013-2014.

Expected Result	Key Performance Indicators
Increase uptake of economic opportunities in existing, expanding and emerging sectors	• Number of projects approved according to priorities in territorial investment plans • Amount invested according to priorities in territorial investment plans

[3] The Minister of AANDC was responsible for economic development in the North at the time of the development and approval of the territorial investment plans in 2009-2010. Subsequently, the Agency was created in 2009 and in 2011 the responsibility for CanNor was assigned to another Minister, the Minister of Health Canada and the Canadian Northern Economic Development Agency.

Recreational Infrastructure Canada

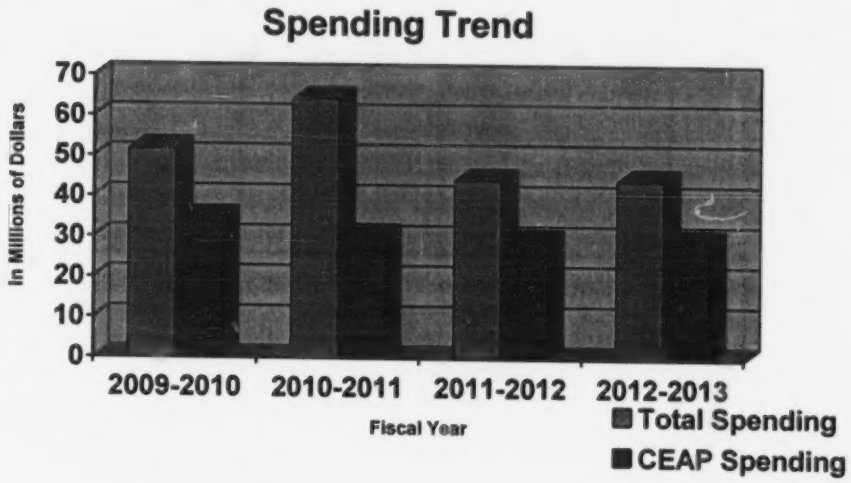
Announced as part of Canada's Economic Action Plan, Recreational Infrastructure Canada (RInC) was a two-year national infrastructure funding program, ending on March 31, 2011, that supported the rehabilitation and repair of recreational infrastructure. The RInC program provided a total of $1.3 million in funding in the North in 2010-2011, equally distributed across the three territories.

Expected Result	Key Performance Indicators
Improved recreational infrastructure in northern communities	• Amount leveraged on federal RInC investments • Number of RInC projects funded • Number of jobs created

Community Adjustment Fund

The Community Adjustment Fund (CAF) was a two-year program announced in Canada's Economic Action Plan, ending on March 31, 2011. It was designed to provide economic stimulus to create employment opportunities and to address transitional and adjustment challenges in restructuring communities. The CAF program provided a total $18.1 million in funding, equally distributed across the three territories.

Expected Result	Key Performance Indicators
Improved economic conditions in communities	• Number of projects approved • Amount leveraged on federal CAF investments • Number of jobs created



Estimates by Vote

For information on our organizational votes and/or statutory expenditures, please see the 2010–2011 Public Accounts of Canada (Volume II) publication. An electronic version of the Public Accounts is available on the Public Works and Government Services Canada website.[4]

[4] See Public Accounts of Canada 2010, http://www.tpsgc-pwgsc.gc.ca/recgen/txt/72-eng.html.

Section II: Analysis of Program Activities by Strategic Outcome

Strategic Outcome

Developed and diversified territorial economies that support prosperity for all Northerners.

Regarding the performance targets identified in the tables that follow for each Program Activity, during its first year of operation, CanNor developed a Performance Measurement Framework that includes indicators for measuring program performance. With measures identified, CanNor is now able in its second year of operation, to establish baseline data and benchmarks for these measures.

Program Activity: Business Development

The Business Development program activity supports the growth and expansion of northern businesses, including small and medium enterprises, through training, advisory services, and grants and contributions. The program activity's objective is the encouragement of a competitive, diverse northern business sector with a strengthened capacity for innovation.

2010–11 Financial Resources ($millions)

Planned Spending	Total Authorities	Actual Spending
6.2	6.2	1.6

2010–11 Human Resources (FTEs)

Planned	Actual	Difference
12	1	11

Expected Results	Performance Indicators	Targets	Performance Status
• Increased number of northern and Aboriginal businesses	• Percentage of northern and Aboriginal individual- or community-owned businesses supported by the Agency that are still operating after two years	• Targets will be established based on benchmarks developed in 2011–2012	• Not Yet Assessed
• Strengthened northern innovation and technology capacity and increased knowledge base	• Number of successfully completed studies and projects funded by CanNor • Number of plans adopted involving: (a) expanded technology; or (b) expanded knowledge	• Targets will be established based on benchmarks developed in 2011–2012	• Not Yet Assessed
• Northern and Aboriginal entrepreneurs have increased access to funding	• Amount of disbursements to northern and Aboriginal businesses and community development organizations • Amount of investment leveraged by CanNor	• Targets will be established based on benchmarks developed in 2011–2012	• Not Yet Assessed
• Increased uptake of economic opportunities in existing, expanding and emerging sectors	• Progress achieved: percentage of program expenditures against targets	• Targets will be established based on benchmarks developed in 2011–2012	• Not Yet Assessed

Performance Summary and Analysis of Program Activity

Through this program activity, CanNor supported the growth and expansion of Aboriginal and northern businesses, including small and medium-sized enterprises. The objective of this program activity is to encourage a competitive and diverse northern business sector with a strengthened capacity for innovation. Through the Aboriginal Business Development Program, the Agency provided grants and contributions to support training and advisory services. CanNor's flagship program under this program activity is the Strategic Investments in Northern Economic Development (SINED). This program contributes funding, as well as other forms of support to the development of proposals

that aim to strengthen economic drivers, diversify the economy, increase the participation of northerners in the economy and improve the coordination of federal programs. The program works with the territorial governments, Aboriginal organizations and the not-for-profit sector to promote economic development in the North.

CanNor implemented this program activity through the following sub-activities:

- Innovation and Knowledge;
- Entrepreneurship; and
- Sectoral Development.

To achieve the expected results for this program activity, the Agency undertook the following activities:

- Funding under SINED doubled in 2010–2011 from 2009–2010 levels of $8,157,000, with an extra $10 million for each of the remaining years of the program. In the reporting year, 89% of SINED funds were spent. Investments under SINED are guided by territorial investment plans that received ministerial approval in August 2009. These plans are specific to the needs of each territory and target key economic development sectors such as geoscience, tourism, cultural industries, economic infrastructure, mining, oil and gas development, forestry, renewable energy, small and medium-sized enterprises, commercial and traditional harvesting, and capacity development.
- During 2010-2011, CanNor provided funding for business development opportunities for women and for small businesses as well as for youth entrepreneurship. However, the Agency has not yet fully explored these areas in terms of economic development opportunities.

Lessons Learned

With the creation of CanNor and the adoption of Aboriginal economic development programming for the North, staff with experience in the delivery of both Aboriginal and northern economic development programs were transferred from AANDC to the new Agency. The transfer of experienced staff proved to be invaluable and enabled a relatively seamless transition in terms of the program delivery in the North.

While programs were delivered successfully and northern stakeholders were not negatively impacted as a result of the transition from AANDC to CanNor, it became evident that there was an increasing need for clearer articulation of responsibilities from policy and business process development perspectives. Efforts were initiated to align AANDC's and CanNor's respective policy activities related to economic development, particularly from an Aboriginal perspective. Regarding business process development, a Memorandum of Understanding (MOU) between AANDC and CanNor was in place during 2010-2011 which provided critical support to CanNor. Another MOU is being

developed for 2011-2012 that will better reflect internal operating functions and responsibilities for each organization.

Strategic Outcome

Developed and diversified territorial economies that support prosperity for all Northerners.

Program Activity: Community Development

The Community Development program activity supports community-level investments in infrastructure and organizations, and individual-level investments in skills and capacity development. The program activity's objective is the establishment of economically sustainable northern communities with a high quality of life for residents.

2010–11 Financial Resources ($ millions)

Planned Spending	Total Authorities	Actual Spending
47.5	55.1	46.5

2010–11 Human Resources (FTEs)

Planned	Actual	Difference
27	15	12

Expected Results	Performance Indicators	Targets	Performance Status
• Increased sustainability and well-being of northern communities	• Four components of the Community Well-Being Index: income, education, housing, labour force participation	• Targets will be established based on benchmarks developed in 2011–2012	• Not Yet Assessed
• Increased economic development benefits and opportunities for Aboriginal communities	• Number of Canadian economic opportunities projects producing concrete economic employment benefit to date	• Targets will be established based on benchmarks developed in 2011–2012	• Not Yet Assessed
• Improved employment conditions within communities with accompanying quality of life benefits	• Number of communities with functioning professional, administrative, and institutional economic development capacity	• Targets will be established based on benchmarks developed in 2011–2012	• Not Yet Assessed
• Northern communities benefit from improved infrastructure	• Number of new and improved infrastructure elements successfully completed	• Targets will be established based on benchmarks developed in 2011–2012	• Not Yet Assessed

Performance Summary and Analysis of Program Activity

Through this program activity, CanNor supported:

- proposals from First Nation, Métis and Inuit entrepreneurs in the North, as well as from northern communities, Aboriginal businesses and financial organizations;
- community-level investments in infrastructure and organizations; and
- individual-level investments in skills and capacity development.

The program activity's objective is the establishment of economically sustainable northern communities with a higher quality of life for residents. It supports economic development and diversification initiatives that help communities sustain their economies and adjust to changing economic circumstances.

As part of this program activity, CanNor supported the delivery of Human Resources and Skills Development Canada (HRSDC) skills training programs in the North. This included partnerships and projects under HRSDC administered funds, such as the Aboriginal Skills and Training Strategic Investment Fund and the Aboriginal Skills and Employment Partnerships program. Initiatives also included research and analysis of skills-related gaps and opportunities.

CanNor implemented this program activity through the following sub-activities:

- Aboriginal Economic Development;
- Community Adjustment;
- Capacity and Skills Development; and
- Infrastructure.

To achieve the expected results for this program activity, CanNor undertook the following activities:

- CanNor continued to work with the territories to identify eligible projects for funding and negotiate the related contribution agreements.

- CanNor worked to maximize benefits to communities under the Community Adjustment Fund (CAF) (program ended March 31, 2011). The Firesmart program is an example of the funding provided under CAF. The Firesmart program helps to prevent high-intensity wildland fires from destroying valuable forest resources and threatening the safety of people and infrastructure by modifying and removing volatile forest fuels around communities. Activities include brush and tree pruning, thinning, spacing, mulching, and complete removal of forest vegetation.

- CanNor worked closely with Aboriginal governments and organizations to understand and respond to the economic development needs of these groups in accordance with the new Federal Framework for Aboriginal Economic Development.

- CanNor implemented in the North, Canada's strategy for official languages, the *Roadmap for Canada's Linguistic Duality 2008–2013: Acting for the Future*. The Economic Development Initiative, funded by the Roadmap, and delivered by CanNor in the North, provided support for official language minority communities in the territories.

- For all existing and new economic development programs, CanNor sought to fully integrate a capacity and skills development component. This includes ensuring that there is awareness and understanding of economic development opportunities; knowledge of the resource cycle; and confidence to participate in the development of small to large projects. It also includes fostering knowledge and skills to enable communities to undertake and realize their economic development goals and become promoters, participants, partners, and proponents in economic development projects

- CanNor continued its collaboration with Infrastructure Canada and the other regional development agencies to improve the delivery of national infrastructure programs.

Lessons Learned

New business management processes have been developed to help ensure consistency of program delivery across all Northern regions. Increased standardization of operational processes and tools across all regions has helped to better meet the needs of proponents and ensure that all potential projects are given equal consideration in the approval process.

At this early stage of business processes development and reporting, intentions to complete development of items such as audit/evaluation plans may have been premature. A growing focus on operational reporting requirements is underway and will focus on integrating planning and reporting in ongoing improvements in operational effectiveness.

Strategic Outcome

Developed and diversified territorial economies that support prosperity for all Northerners

Program Activity: Policy, Advocacy and Coordination

The Policy, Advocacy and Coordination program activity supports research and analysis to guide programming and policy choices, the promotion of northern interests both inside and outside of the federal government, and the development of horizontal strategies, initiatives and projects to address economic development challenges in the North.

2010–11 Financial Resources ($ millions)

Planned Spending	Total Authorities	Actual Spending
5.5	5.6	3.8

2010–11 Human Resources (FTEs)

Planned	Actual	Difference
28	21	7

Expected Results	Performance Indicators	Targets	Performance Status
• Increased consideration of northern business and community development interests in federal economic policies, programs and regulations	• Number of meetings and forums jointly planned and executed in the North	• Targets will be established based on benchmarks developed in 2011–2012	• Not Yet Assessed
• Development of partnerships and coordination of partners in addressing northern economic priorities	• Number of partnerships focused on responding to shared northern economic priorities	• Targets will be established based on benchmarks developed in 2011–2012	• Not Yet Assessed
• Better access to federal government economic development opportunities for northern communities, individuals and businesses	• Number of successful referrals to other federal programs	• Targets will be established based on benchmarks developed in 2011–2012	• Not Yet Assessed
• Major Northern projects managed through a coordinated whole-of-government approach	• Number of projects coordinated by the Northern Projects Management Office	• Targets will be established based on benchmarks developed in 2011–2012	• Not Yet Assessed

Performance Summary and Analysis of Program Activity

Through this program activity, CanNor supported: research and analysis to provide evidence-based programming and policy choices, the promotion of northern interests both inside and outside the federal government, the development of horizontal strategies, initiatives and projects to address economic development opportunities and challenges in the North, the coordination of federal responsibilities throughout the regulatory cycle of resource development projects, and close collaboration with key players to advance northern economic development.

This program activity ensures that the Agency has the information and understanding needed to provide a balanced, regionally sensitive approach that addresses northern priorities, maximizes the Canada's effectiveness in advancing economic development in the North, and supports the development and implementation of CanNor strategic directions and priorities.

To achieve the expected results for this program activity, the Agency undertook the following activities:

- The Northern Projects Management Office (NPMO), with its main office in Yellowknife, has been established as a core activity within CanNor. Launched in May 2010 the NPMO developed tools to coordinate the work of all federal departments and agencies involved in natural resource development projects in the three territories and in the northern offshore, engaged with industry and industry associations on northern regulatory and development issues, integrated governance into existing structures of the Major Projects Management Office, and commenced project management on some of the major resource development projects in the territories. In addition, the NPMO continues to work with counterparts in AANDC to develop a process for coordinating Crown consultation on major projects. The NPMO employed a phased approach to start-up and became operational in the first half of the fiscal year, providing basic co-ordination services. In the longer-term, the NPMO will have a role in identifying systemic issues in regulatory processes for consideration and resolution through regulatory improvement initiatives or other processes.
- The NPMO played a policy and coordination role for major resource and infrastructure development projects in the North by taking part in the Major Projects Deputy Ministers' Committee. The NPMO, together with federal partners and Natural Resources Canada's Major Projects Management Office, is identifying short- and long-term actions to improve the effectiveness of the regulatory system and building a coordinated approach to Aboriginal Crown consultations.
- In its coordination sub-activities, the NPMO has engaged industry, regulators and the northern boards, and tracked the progress of northern projects. In the future, the NPMO will hold the official Crown record of Aboriginal consultation.
- CanNor continues to work on developing and implementing its engagement strategy and marketing and outreach strategy to ensure ongoing stakeholder engagement. In engaging with Northerners, CanNor will further tailor its activities and programs to the unique needs of the North and the differing circumstances in each territory.
- The Agency worked on developing its strategic policy function, which includes: policy research and analysis in support of policy advice and new initiatives; conducting economic research and analysis and monitoring economic issues on an ongoing basis; advocating northern interests within the federal government; and developing the capacity to facilitate and enable the alignment of key federal government economic development activities in the North. While progress has been made in all of these areas, further work is needed in terms of capacity building in order for CanNor to fulfill its leadership role in this area.
- CanNor played the role of convenor by coordinating efforts with partners. The Agency, in partnership with HRSDC, AANDC and the Privy Council Office (PCO), is a member of the steering committee for the Conference Board of Canada's Center for the North. Until a lead role has been determined, members of the steering committee are working as equal partners. The Center conducts research and analysis of northern issues, which in turn is used by members to help inform on policy and

decision making. The steering committee sets the research agenda for each year. Also, in 2010-2011, CanNor and HRSDC took steps to enhance collaboration between federal economic development and labour market activities in the North by signing a Memorandum of Understanding (MOU) for the period 2010-2014, setting out ways to work together to strengthen cooperation on northern economic and skills development and ensure that existing and future programs are coordinated effectively. In addition, CanNor worked with the National Economic Development Committee for Inuit Nunagat (NEDCIN) which is a collaborative committee created by an MOU between Inuit Land Claims Organizations and institutions and the federal government (CanNor and AANDC). NEDCIN serves as a consultative body to CanNor on Aboriginal economic development policy and programs management. The committee's objective is to develop practical approaches to address Inuit-specific needs within federal policy and program arrangements. .

- CanNor created an annual forum to bring together the senior leadership of the three Regional Federal Councils in the territories to discuss strategic issues and priorities common to the three territories and to foster collaborative working relationships. A key issue addressed in 2010–2011 was the capacity building challenges faced by organizations operating in the North.

Lessons Learned

Lessons were learned with respect to the Regional Federal Councils. These Councils are collaborative networks of senior federal officials in the regions, whose goals are the ongoing improvement of regional issues management, integrated federal service to the public, and public sector management. The Regional Federal Councils play an important role as an executive forum and in integrated and improved service delivery, two-way communication with headquarters on regional perspectives and federal initiatives, and co-operation with other jurisdictions. At the time of CanNor's establishment, the responsibility for housing the secretariat for the Federal Councils in the territories was shifted from AANDC to CanNor. In 2010, CanNor met with the three councils to explore areas where the Agency could assist in furthering the work of Northern Federal Councils by identifying individual territorial initiatives. While the Federal Councils identified individual initiatives unique to each territory, it was recognized that there is merit in taking a cohesive approach on pan-territorial initiatives as well. One such pan-territorial project identified focuses on statistics that demonstrate the evolution and the current face of the North.

Strategic Outcome

Developed and diversified territorial economies that support prosperity for all Northerners

Program Activity: Internal Services

Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; Acquisition Services; and Travel and Other Administrative Services. Internal Services include only those activities and resources that apply across an organization and not to those provided specifically to a program.

2010–11 Financial Resources ($ millions)

Planned Spending	Total Authorities	Actual Spending
1.8	2.3	12.4

2010–11 Human Resources (FTEs)

Planned	Actual	Difference
38	38	0

Expected Results	Performance Indicators	Targets	Performance Status
• Public programs, as well as other internal services, operate more efficiently and effectively	• Percentage of results meeting or exceeding targets for Governance and Support Management; Resource Management Services; and Asset Management Services	• Targets will be established based on benchmarks developed in 2011–2012	• Not Yet Assessed

Performance Summary and Analysis of Program Activity

For governance and support management, CanNor continued to develop and implement an effective corporate services model. With its resource management services, in an effort to strive for strong employee capacity and continuity, in 2010-2011 the Agency explored creative recruitment strategies. As an organization still getting off the ground, CanNor needed to ensure that it implemented the human resources cycle and integrated it with business plans. The Agency also worked toward implementing core financial controls and verifying that financial processes were effective. Assistance was provided by the office of the Comptroller General in this process. The Agency implemented a resource management cycle that supports decision making. And, to ensure effective asset management services, CanNor implemented the asset management cycle and ensured that it also supported decision making. CanNor received media coverage on nearly 300

separate occasions in 2010-2011, primarily as a result of communications activities including an average of more than six news releases per month and thirteen ministerial events during the year. The Agency also made great strides with respect to accommodations. Regional offices were established in all three of the territorial capitals and construction has begun on the Agency's headquarters building in Iqaluit.

Lessons Learned

Significant risks and challenges were anticipated and identified, at the outset of the Agency's creation, in terms of establishing, not only regional offices in each territory, but the headquarters in Iqaluit. An important lesson learned has been that the effort to establish a new federal entity is challenging in and of itself, but a new federal entity with its headquarters situated in the North presented even further challenges. Specifically, there were challenges associated with establishing and maintaining a sufficient and representative workforce with the appropriate skills to fill positions in the North. There were logistical challenges related to the establishment of initial temporary offices, and then challenges associated with the construction of new office buildings. These difficulties included getting construction material to the North, finding skilled labourers for the construction, and the short building season in the North.

The effort and work required to establish the Agency and to get it up and running was somewhat underestimated. While steps were taken to help mitigate these risks and challenges by entering into a Memorandum of Understanding (MOU) with AANDC in order to obtain support as the Agency's systems, processes, offices, and staff complement were being developed, the level of work and the difficulties that the Agency encountered were nonetheless substantial. While CanNor works towards organizational maturity, the Agency has renewed the MOU with AANDC to continue the valuable support that is being provided. CanNor has also developed relationships with the other regional development agencies in an effort to benefit from their lessons learned.

Section III: Supplementary Information

Financial Highlights

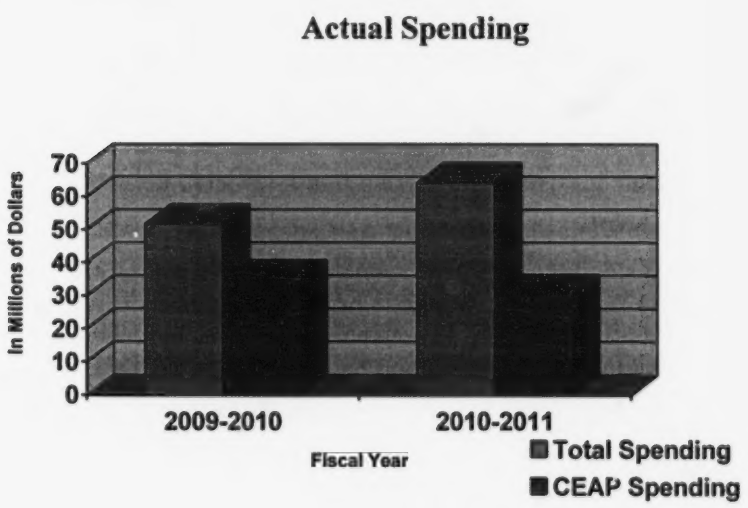
Condensed Statement of Financial Position
As at March 31, 2011 ($ millions)

	% Change	2010-11	Restated 2009-10
Total assets	23%	17.1	13.9
Total liabilities	29%	18.7	14.5
Total equity	167%	(1.6)	(0.6)
Total liabilities and equity		17.1	13.9

Condensed Statement of Operations
For the year ended March 31, 2011 ($ millions)

	% Change	2010-11	2009-10
Total expenses	79%	69.0	38.6
Total revenues	0%	0	0
Net cost of operations	79%	69.0	38.6

Financial Highlights Charts and/or Graphs



Financial Statements

The financial highlights presented in this DPR are intended to serve as a general overview of CanNor's financial position and operations. CanNor's financial statements can be found at *http://north.gc.ca/aa/smr10/smr10-eng.asp*

List of Supplementary Information Tables

All electronic supplementary information tables found in the *2010–2011 Departmental Performance Report* can be found on the Treasury Board of Canada Secretariat website.[5]

- Details on Transfer Payment Programs (TPPs)
- Green Procurement
- Internal Audits and Evaluations

[5] See 2010-11 Part III—Departmental Performance Reports (DPR): Supplementary Information (Tables). http://www.tbs-sct.gc.ca/dpr-rmr/2010-2011/index-eng.asp.

Section IV: Other Items of Interest

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